



## Missouri Department of Natural Resources Energy Center

### MISSOURI ENERGY BULLETIN

December 18, 2003

Energy prices and supplies shown throughout this bulletin are from Dec. 15, 2003 unless otherwise noted. Also shown are energy data from a month ago, Nov. 17, 2003, and from a year ago, Dec. 16, 2002.

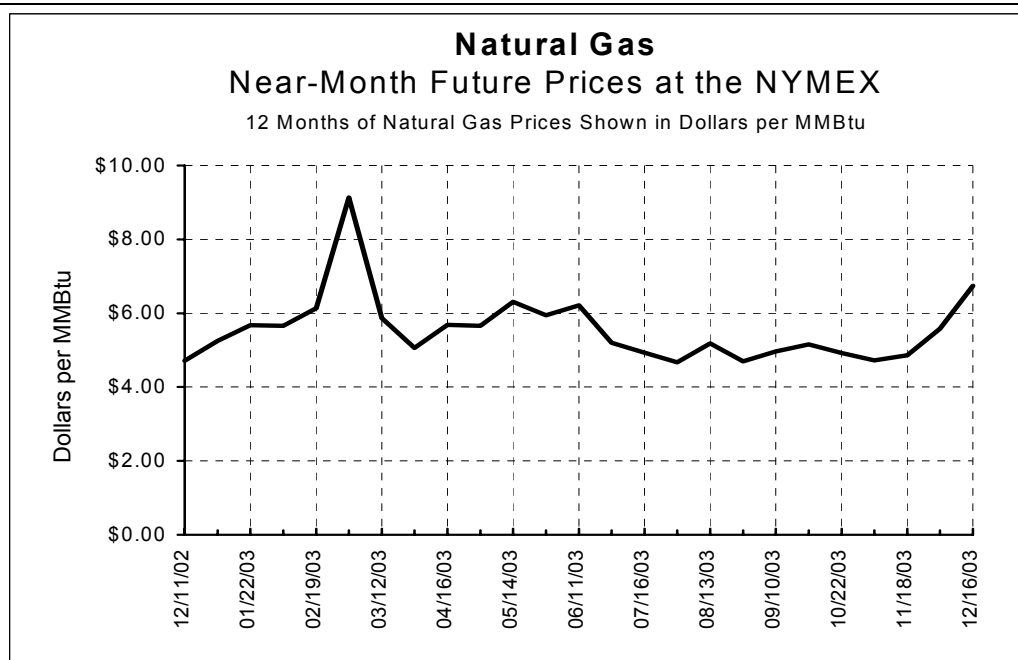
#### Heating Fuels

Heating fuels tracked in the Missouri Energy Bulletin include natural gas, propane and residential heating oil. All heating fuel prices and supplies shown from October through March are updated in every new release of the bulletin. From April through September, propane and heating oil prices and supplies are either not available or revised once a month.

#### Natural Gas

Approximately 60 percent of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity. From 1997 to 2000, Missouri electric utilities' use of natural gas increased by an annual average of 23 percent.

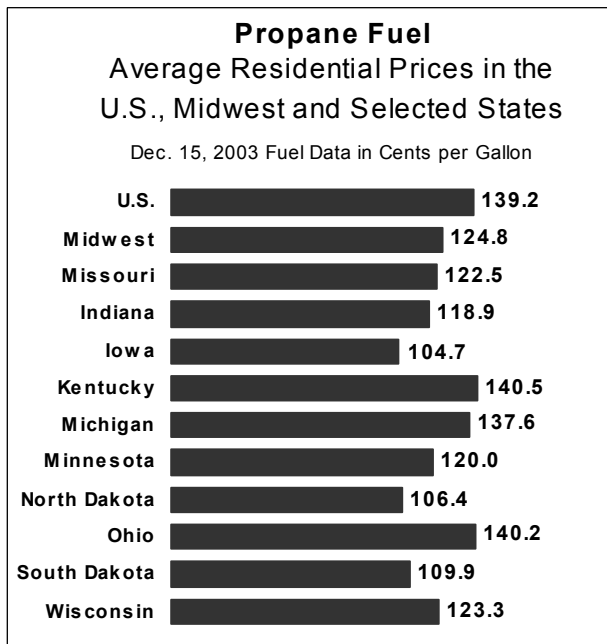
- The spot price for natural gas at the Henry Hub, throughout this last month (Nov. 18 to Dec. 16), increased by 2.10 dollars per MMBtu (47 percent) moving from 4.50 to 6.60 dollars per MMBtu. Throughout this last year (Dec. 16, 2002 to Dec. 16, 2003), the price paid increased by 1.35 dollars per MMBtu moving from 5.25 to 6.60 dollars per MMBtu, an increase of 26 percent. (Source: *Wall Street Journal*)
- The near-month contract settlement price paid for natural gas futures at the NYMEX, throughout this last month (Nov. 18 to Dec. 16), increased by 1.88 dollars per MMBtu (39 percent) moving from 4.87 to 6.75 dollars per MMBtu. Throughout this last year (Dec. 11, 2002 to Dec. 16, 2003), the price paid increased by 2.04 dollars per MMBtu moving from 4.71 to 6.75 dollars per MMBtu, an increase of 43 percent. (Source: *Wall Street Journal*)
- Several factors have been cited as contributing to the run-up in natural gas prices in December: the colder weather and first significant snowfalls in the Northeast and Midwest, a reported increase in U.S. manufacturing activity, the drop in the value of the dollar since the beginning of the year and technical trading. Some industry analysts believe prices could lose \$1.00-\$2.00 MMBtu or more in value over the next month based on weather forecasts, lower gas consumption and the current natural gas supply.
- Working gas in storage was 2,850 Bcf as of Friday, December 12, 2003, according to the EIA *Weekly Natural Gas Storage Report*. This is 1.4 percent above the 5-year average for the report week and 215 Bcf above the level last year for the same week. The implied net withdrawal during the report week was 43 percent more than the 5-year average withdrawal but lower than the net change from the same week last year. Cooler-than-normal temperatures across most of the lower 48 states likely contributed to the larger-than-normal withdrawals of natural gas from storage.



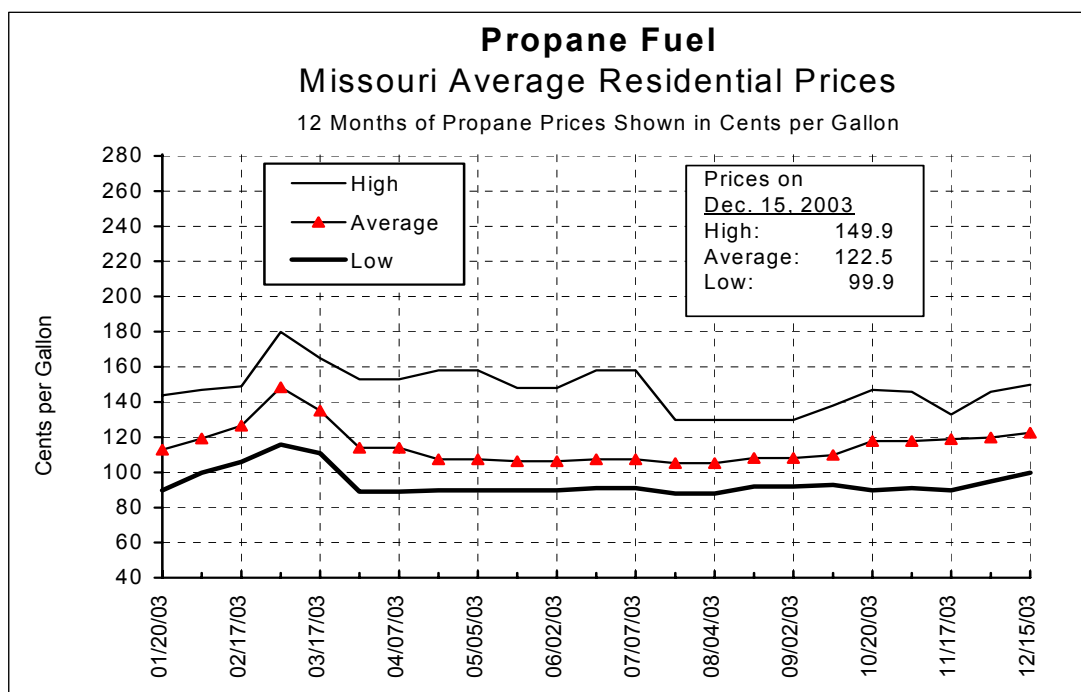
### Propane

Approximately 12 percent of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles. In 2000, Missourians spent about \$459 million and used 455 million gallons of propane.

- The average price paid for residential propane in **Missouri**, throughout this last month, increased by 3.6 cents per gallon (3 percent) moving from 118.9 to 122.5 cents per gallon. Throughout this last year, the price paid for propane increased by 20.4 cents per gallon moving from 102.1 to 122.5 cents per gallon, an increase of 20 percent.
- Propane stocks in the **United States**, throughout this last month (Nov. 14 to Dec. 12), were down by 5.6 million barrels moving from 65.0 to 59.4 million barrels, a decrease of 9 percent. In the **Midwest**, stocks remained unchanged at 23.5 million barrels.
- Propane stocks in the **United States**, throughout this last year (Dec. 13, 2002 to Dec. 12, 2003), were up by 4.2 million barrels (8 percent) moving from 55.3 to 59.4 million barrels. In the **Midwest**, stocks were up by 4.4 million barrels moving from 19.1 to 23.5 million barrels, an increase of 23 percent.
- U.S. inventories of propane continued sharply lower for the second consecutive week with a 2.5-



million-barrel stock draw in response to heating demand from colder weather. However, propane supplies at the national level continued on a track near the upper limit of the average range for this time of year. Regional declines were marked across all areas last week with a relatively light 500,000-barrel drop in the Midwest during this same time.



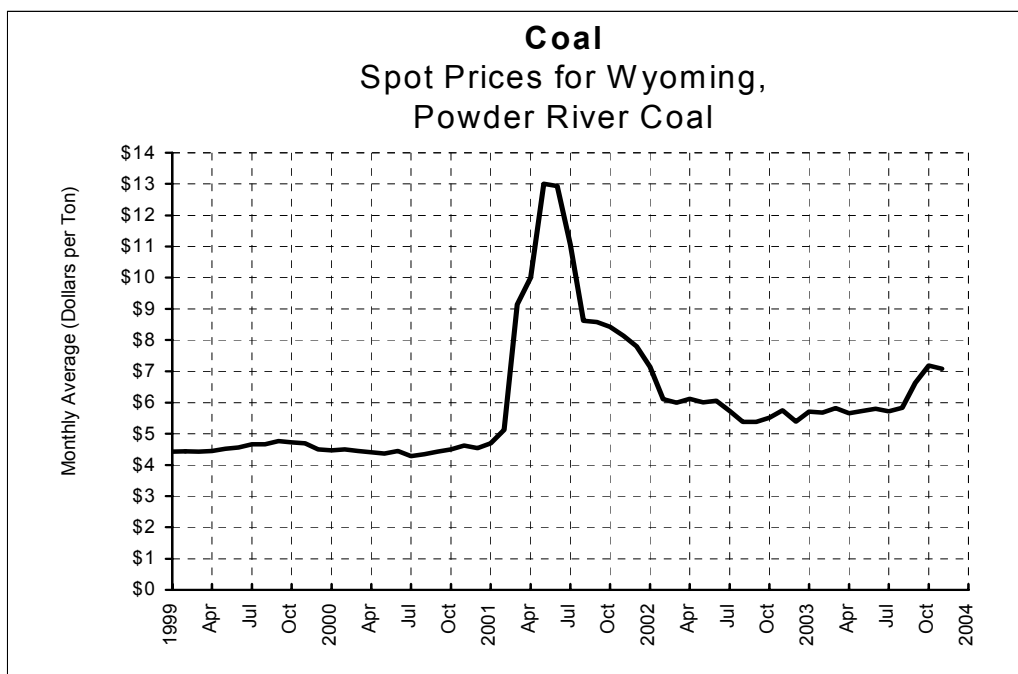
### Residential Heating Oil

- The average price paid for residential heating oil in the **Midwest**, throughout this last year, increased by 6.6 cents per gallon moving from 119.7 to 126.3 cents per gallon. In the **United States**, the average price paid increased by 13.5 cents per gallon (10 percent) moving from 132.3 to 145.8 cents per gallon.
- Residential heating oil stocks in the **Midwest**, throughout this last month (Nov. 14 to Dec. 12), were up by 0.1 million barrels (1 percent) moving from 7.3 to 7.4 million barrels. In the **United States**, stocks were down by 3.3 million barrels (6 percent) moving from 55.7 to 52.4 million barrels.
- Stocks in the **Midwest**, throughout this last year (Dec. 13, 2002 to Dec. 12, 2003), were down by 0.6 million barrels (7 percent) moving from 8.0 to 7.4 million barrels. In the **United States**, stocks were up by 0.1 million barrels (less than 1 percent) moving from 52.3 to 52.4 million barrels.

### Coal

Coal-fired electric power plants located in Missouri produced 84 percent of all electric power used throughout the state in 2001. Of all coal delivered to Missouri during 2000, about 96 percent came from Wyoming.

- The monthly average price paid for Wyoming, Powder River coal, throughout this last month (Oct. to Nov.), decreased by 0.10 dollars (1 percent) moving from 7.19 to 7.09 dollars per ton. Throughout this last year (Nov. 2002 to Nov. 2003), the average price paid increased by 1.38 dollars moving from 5.71 to 7.09 dollars per ton, an increase of 24 percent. (Source: *Wyoming Insight*, Nov. 26, 2003)

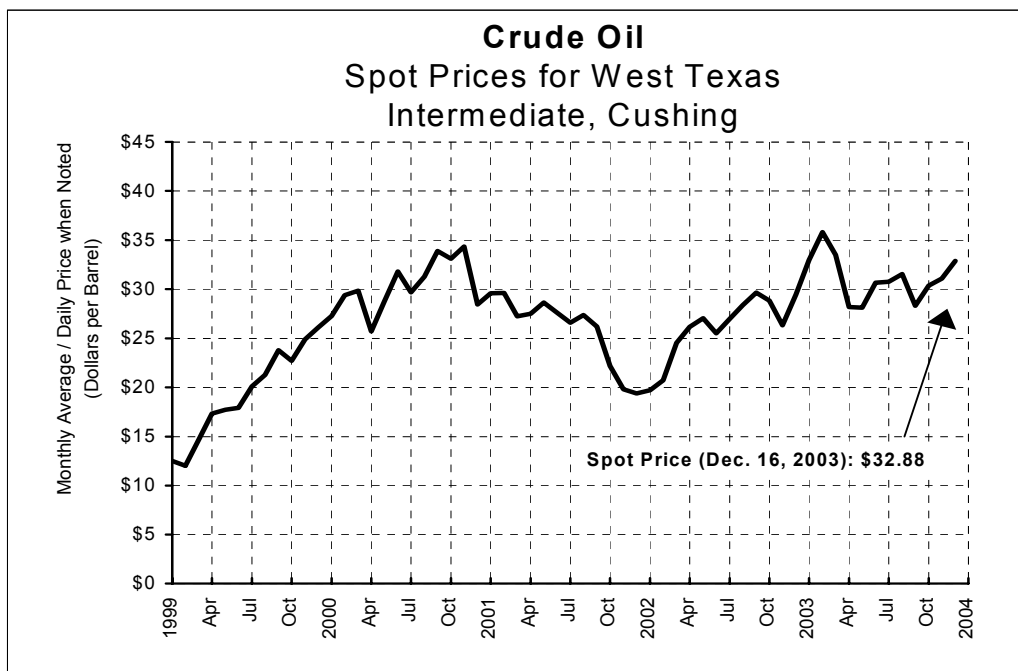


- Estimated coal production for the week ending Dec. 13 was 21.0 million short tons (mmst). This was 2.6 percent below the comparable week in 2002. Year-to-date U.S. coal production is estimated at 1,023 mmst, or 2.1 percent behind the corresponding total for 2002.
- Coal prices in general remain strong due to demand from the utility sector. High natural gas prices at this time are providing strong incentives for increased use of coal to generate electricity by U.S. utilities as more natural gas is used for winter heating purposes. Higher oil prices also are helping to increase the use of coal in electric generation.

### Crude Oil

- The spot price of crude oil (West Texas Intermediate - Cushing), throughout this last month (Nov. 18 to Dec. 16), decreased by 0.40 dollars per barrel (1 percent) moving from 33.28 to 32.88 dollars per barrel. Throughout this last year (Dec. 16, 2002 to Dec. 16, 2003), the spot price increased by 2.75 dollars per barrel moving from 30.13 to 32.88 dollars per barrel, an increase of 9 percent. (Source: *Wall Street Journal*)
- Between November 14 and December 12, U.S. commercial crude oil inventories have plummeted by 21.2 million barrels. This 4-week decline is the eighth largest drop over this time horizon since at least August 1982. U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) fell to 272.8 million barrels as of December 12, which is just 2.8 million barrels above the Lower Operational Inventory (LOI) level of 270 million barrels. The last time crude oil stocks were this low was in the first quarter of 2003 (following the Venezuela strike that drastically reduced their exports to the United States earlier in the year) and in early October 2002 (following the combined effects from Tropical Storm Isidore and Hurricane Lili).
- EIA reports a combination of factors affecting crude oil price and supply. Very strong economic

activity in the U.S. and China, along with continued fuel switching and recent colder weather in the U.S. and Europe appear to be boosting global demand to unexpectedly high levels. Over the last four weeks, domestic production and crude oil imports have declined with imports averaging 9.2 million barrels per day (bpd) compared to 10.2 million bpd in October. Neither Venezuelan nor Iraqi production has recovered to November 2002 levels, suggesting that increased levels from other OPEC countries are still not high enough to meet very strong winter 2003/04 demand and rebuild crude and product stocks to normal levels.



### Transportation Fuels

- The average retail price paid for regular unleaded gasoline in **Missouri**, throughout this last month, decreased by 2.8 cents per gallon (2 percent) moving from 133.8 to 131.0 cents per gallon. Throughout this last year, the price paid increased by 3.5 cents per gallon moving from 127.5 to 131.0 cents per gallon, an increase of 3 percent.
- The average retail price paid for regular unleaded gasoline in the **United States**, throughout this last month, decreased 3.2 cents per gallon (2 percent) moving from 149.7 to 146.5 cents per gallon. Throughout this last year, the price paid increased by 10.2 cents per gallon, an increase of 7 percent.
- The average retail price paid for highway diesel fuel in **Missouri**, throughout this last month, increased by 0.5 cents per gallon (less than 1 percent) moving

### Regular Unleaded Gasoline

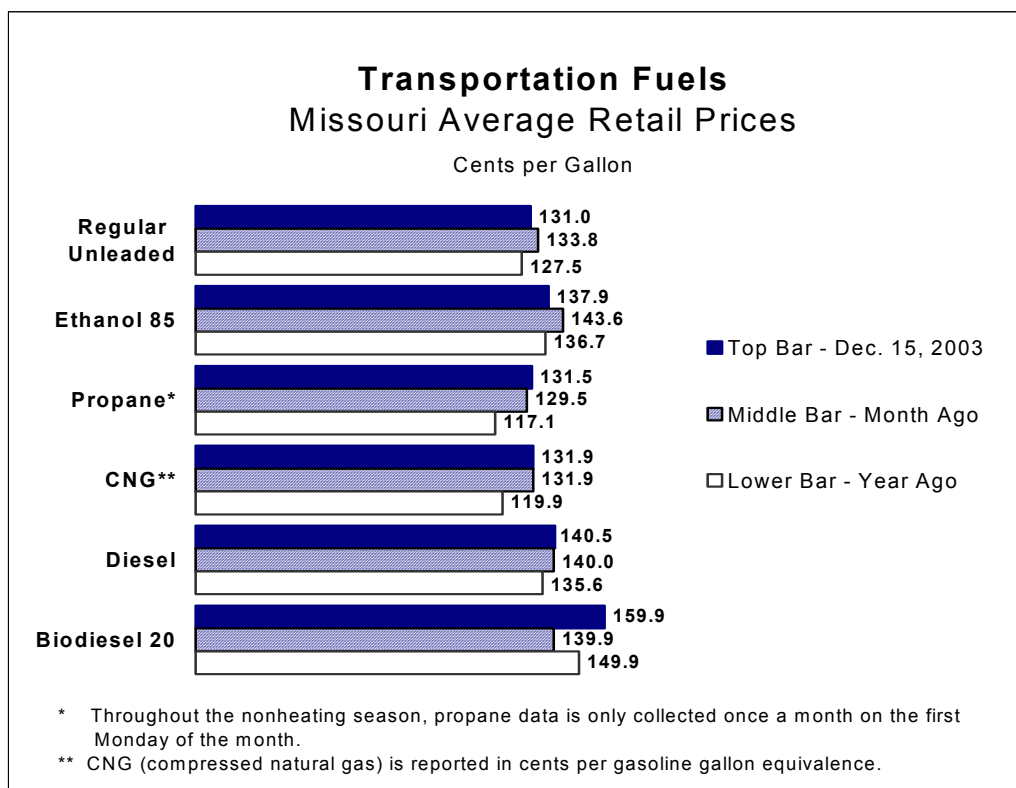
Average Retail Prices in the U.S.,  
Midwest, Missouri and Missouri  
Regions

Dec. 15, 2003 Fuel Data in Cents per Gallon

<b>U.S.</b>	<b>146.5</b>
<b>Midwest</b>	<b>141.4</b>
<b>Missouri</b>	<b>131.0</b>
<b>Central, Mo.</b>	<b>129.5</b>
<b>Kansas City, Mo.</b>	<b>133.9</b>
<b>Northeast, Mo.</b>	<b>131.9</b>
<b>Northwest, Mo.</b>	<b>130.9</b>
<b>St. Louis, Mo.</b>	<b>126.4</b>
<b>Southeast, Mo.</b>	<b>133.7</b>
<b>Southwest, Mo.</b>	<b>133.1</b>

from 140.0 to 140.5 cents per gallon. Throughout this last year, the price paid increased by 4.9 cents per gallon moving from 135.6 to 140.5 cents per gallon, an increase of 4 percent.

- Total motor gasoline stocks in the **Midwest**, throughout this last month (Nov. 14 to Dec. 12) were up by 3.0 million barrels (6 percent) moving from 49.3 to 52.3 million barrels. In the **United States**, stocks were up by 10.2 million barrels moving from 192.2 to 202.4 million barrels, an increase of 5 percent, placing supplies well within the 5-year average.
- Total motor gasoline stocks in the **Midwest**, throughout this last year (Dec. 13, 2002 to Dec. 12, 2003), were up by 3.8 million barrels (8 percent) moving from 48.5 to 52.3 million barrels. In the **United States**, stocks were down by 0.7 million barrels moving from 203.1 to 202.4 million barrels, a decrease of less than 1 percent.



The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Energy Bulletin is a public resource that is made available to state government decision-makers, to any other interested individual upon request and on-line at the Energy Center Internet site. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration and Chicago Regional Office; the National Association of State Energy Officials; the Missouri Propane Gas Association and the Propane Education and Research Council; the St. Louis AAA Auto Club; regional state energy offices; and, Missouri's energy retailers.